

THE VALLEY RAILROAD COMPANY

RAILROAD AVENUE
ESSEX, CONN., 06426
(203) 767-0103

REGISTERED MAIL
RETURN RECEIPT REQUESTED

0944

RECORDATION OF SECURITY AGREEMENT

JUN 2 1977-3 11 PM

May 31, 1977

INTERSTATE COMMERCE COMMISSION

Secretary, Interstate Commerce Commission
Constitution Avenue & 12th St., N.W.
Washington, D. C.

Re: Recordation of Security Agreement

Dear Sir:

Enclosed for recordation is the original and two executed counterparts of a Security Agreement dated May 31, 1977, by and between the following parties:

Debtor:	The Valley Railroad Company Railroad Avenue Essex, Connecticut 06426
Secured Party:	Community Banking Company Route 139 North Branford, Connecticut 06471

The equipment covered by the Security Agreement consists of one 2-8-2 steam locomotive, with tender, road number 40, manufactured by American Locomotive Company in 1920, together with certain spare parts associated therewith, all of which was formerly owned by the Aberdeen and Rockfish Railroad Company of Aberdeen, North Carolina.

Also enclosed is a check for \$50 to cover the recordation fee.

Upon completion of recordation, the original of the Security Agreement should be returned to Barclay Robinson, Jr. Esq., Robinson, Robinson & Cole, 799 Main Street, Hartford, Connecticut 06103.

Yours very truly,

THE VALLEY RAILROAD COMPANY

By Oliver O. Jensen
Its President



RECEIVED
JUN 2 3 04 PM '77
FEE OPERATION BR.
I.C.C.
50

Interstate Commerce Commission
Washington, D.C. 20423

6/3/77

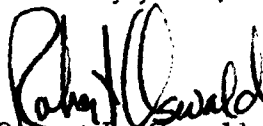
OFFICE OF THE SECRETARY

Barclay Robinson, Jr., Esq.
Robinson, Robinson & Cole
799 Main Street
Hartford, Conn. 06103

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 6/2/77 at 3:10pm
and assigned recordation number(s) 8844

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

8844

JUN 2 1977-3 12 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THE VALLEY RAILROAD COMPANY, a specially chartered Connecticut corporation having its principal office in Essex, Connecticut, hereinafter called the Debtor, and COMMUNITY BANKING COMPANY, a Connecticut banking corporation having its principal banking office in the Town of North Branford, County of New Haven and State of Connecticut, hereinafter called the Secured Party, agree as follows:

1. Creation of Security Interest. The Debtor hereby grants to the Secured Party a security interest under the Uniform Commercial Code, as enacted in Connecticut and as amended, and a chattel mortgage, in the Collateral described in paragraph 2 below to secure the payment of the Debtor's obligation to the Secured Party described in paragraph 3 below.

2. Collateral. The property which is subject to the Security interest created by this agreement consists of one 2-8-2 steam locomotive, road number 40, with tender, manufactured by American Locomotive Company in or about 1920, together with all spare parts associated therewith (the Collateral) all as purchased by the Debtor on May 31 , 1977 from the Aberdeen and Rockfish Railroad Company, a railroad having its principal place of business in North Carolina. The Collateral will ultimately be situated in Connecticut. Prior to reaching Connecticut, it will be situated in North Carolina and several other States while in transit to Connecticut. The security interest and chattel mortgage hereunder created shall attach continuously to said Collateral wheresoever it may be located from and after the date of this agreement until the Debtor's obligation to the Secured Party described in paragraph 3 below is paid in full. Secured Party shall have the absolute right to affix to said locomotive or tender a plaque or shield not

to exceed 4 x 6 inches in size informing the public that such Collateral is subject to a security interest and chattel mortgage in favor of Secured Party. The security interest and chattel mortgage created hereunder cover the Collateral, any and all additions and accessions thereto, and any and all proceeds from the sale or other disposition thereof.

3. Debtor's Obligation. The security interest created by this agreement is granted to Secured Party in consideration of and to induce Secured Party to accept a promissory note of the Debtor, in the principal amount of \$45,000.00, payable over a term of fifteen (15) years, together with interest thereon, in equal monthly installments (the Debt). A copy of said promissory note is attached hereto as Schedule A. The Debtor represents and warrants that the issuance of said promissory note has been approved by the Public Utilities Control Authority of the State of Connecticut as required by Section 16-43 of the Connecticut General Statutes.

4. Default. In the event that the Debtor fails to pay said promissory note described in paragraph 3 of this agreement in accordance with its terms or a default hereunder or under said note otherwise occurs, then, at the option of Secured Party, the unpaid principal balance of said Debt together with all interest earned thereon shall immediately become due and payable, and in addition to such right of acceleration, the Secured Party shall be entitled to any and all rights, powers and remedies available to secured parties under Federal law and regulations, under the Uniform Commercial Code in force in the State of Connecticut, and under the laws of any other State where said Collateral may be

located at the time of default. Without limiting such rights, powers and remedies, the Secured Party may repossess such Collateral and may sell the Collateral, at public or private sale and collect any deficiency from the Debtor after applying the proceeds of the sale to the Debt and to the expenses of repossession and sale. The parties recognize, acknowledge and agree that said Collateral is of unique character because of its age and the limited uses to which it may be put and because of these factors, that a private sale is one commercially reasonable method of disposing of such Collateral. Debtor also recognizes that market value may be extremely difficult to establish in the event of default and consequently agrees that Secured Party may sell such Collateral at public or private sale for the best bid or offer it receives, irrespective of the amount of such bid or offer. Further, Debtor agrees that Secured Party, if repossession occurs, may disable said Collateral and keep the same on Debtor's tracks at a location which does not interfere with Debtor's railroad operations until such sale occurs, may invite people on to Debtor's property to view and inspect the Collateral during normal business hours and if the public sale route is selected, may conduct such sale on Debtor's property, all without having to pay any storage, track or other charges or fees to the Debtor for such privileges. Further, Debtor agrees that it will not interfere with the removal of such Collateral from Debtor's property after a sale occurs, and that it will clear from its tracks at its own expense any equipment, locomotives, railroad cars or other items which might interfere with such removal. If any obstructions are not removed, Secured

Party shall have the right to remove such obstructions and to assess all expenses for the same against the Debtor. The Secured Party may purchase the Collateral at any public sale free of any right of redemption on the part of the Debtor, which right is hereby waived and released. A sale for cash or on credit of the Collateral, or at public sale or by private sale, are all hereby deemed and declared to be commercially reasonable methods of sale. The Debtor agrees to pay all costs and expenses, including attorneys' fees, incurred by the Secured Party in enforcing this Security Agreement, in collecting its debt and in realizing upon the Collateral. If any notice of any sale or other disposition is required by law to be given, the Debtor hereby agrees that a notice sent at least one hundred twenty (120) days before the time of any intended public sale or of the time after which any private sale or other disposition of Collateral is to be made, shall be reasonable notice of such sale or other disposition, the purpose of this provision being to give the Debtor a reasonable period of time in which to secure a buyer for the Collateral or to raise the funds needed to discharge its Debt to the Secured Party.

5. Acts of Default. A Default is:

(a) The Debtor's failure to perform or comply with any provision of this agreement with the Secured Party, and failure to remedy same within thirty (30) days of receipt of written notice of such failure from the Secured Party; or

(b) The Debtor's failure to pay any installment of principal and interest required to be paid under or to comply with each and every provision of the promissory note described in paragraph 3 of this agreement; or

SCHEDULE A

PROMISSORY NOTE

\$45,000.00

North Branford, Connecticut
May 31, 1977

FOR VALUE RECEIVED, the undersigned, THE VALLEY RAILROAD COMPANY, of Essex, Connecticut, acting herein by its duly authorized officers, promises to pay to the order of COMMUNITY BANKING COMPANY, at its main office in North Branford, Connecticut, the sum of FORTY-FIVE THOUSAND (\$45,000.00) DOLLARS, together with interest at the rate of ten (10) per cent per annum upon the unpaid balance. Said principal and interest shall be payable in installments as follows: the sum of Four Hundred Eighty-three and 58/100 (\$483.58) Dollars on the first day of July, 1977, and a like sum on the first day of each month thereafter until this note is paid in full, except that if not sooner paid, the entire amount of interest and principal unpaid shall be due and payable June 1, 1992. If the holder of this Note engages an attorney or attorneys to assist in its collection, the undersigned agrees to pay and the holder shall have the right to collect from the undersigned reasonable attorneys' fees and court costs.

To induce Community Banking Company to make this extension of credit the undersigned has granted to Community Banking Company a security interest in and to one 2-8-2 steam locomotive, Road No. 40, with tender, manufactured by American Locomotive Company in 1920, together with all spare parts associated therewith, any and all additions and accessions thereto, and any and all proceeds from the sale or other disposition thereof, all as stated in a separate Security Agreement of even date herewith, the terms of

which are hereby incorporated herein by reference and made a part of this Note. Community Banking Company, its successors and assigns shall have the rights, remedies, options, powers and privileges now or hereafter provided for secured creditors under Connecticut law in respect to said property and this Note.

In the event any installment shall remain unpaid for ten (10) days after the due date thereof, the undersigned agrees to pay the holder and the holder shall be entitled to collect from the undersigned, a late charge of five cents (5 ¢) for each dollar of each installment so in arrears, not to exceed \$5.00 in respect to any one such late payment.

To induce the lender to accept this Note and make the loan evidenced hereby, the undersigned authorizes lender at any time, in its discretion and without notice, to apply any money or other property of any kind which lender may have or hold on deposit or otherwise for the undersigned, or which may be in transit to the lender from the undersigned, toward the payment of this Note, whether or not this Note is then due and payable, matured or unmatured.

The holder of this Note may elect upon the occurrence of a default as defined in said Security Agreement to forego immediate repossession of the above described property without waiving its right to repossess at a later date, and declare the whole of this Note with interest immediately due and payable without notice, together with all accrued late charges.

This Note may be prepaid in full or in part at any time; provided, that no such prepayment shall be in an amount less than

\$5,000.00, and prepayments shall not be made more frequently than annually. Any and all prepayments shall be credited to the unpaid principal of this Note at the time of such prepayment, and the regular installments required hereunder shall be reduced to reflect such prepayment. The holder shall be entitled to charge a fee not to exceed \$25.00 at the time of each such prepayment to cover its administrative costs associated therewith.

THE VALLEY RAILROAD COMPANY

By S/Oliver O. Jensen

Its President

S/Richard L. Carroll

Its Vice President-Treasurer